

STATE OF TENNESSEE

Office of the Attorney General



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August 21, 2000

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David Waddell, Esq.  
Executive Secretary  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
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In Re: Ben Lomand Communications, Inc.'s Petition Requesting Authority to Issue and  
Sell Additional Common Stock. Docket No. 00-00680

Dear Mr. Waddell:

Upon considering the remarks of Director Greer regarding Ben Lomand Telephone Company's disclosed intent to dispose of \$5 million dollars or sell, mortgage, encumber or exchange the same amount of its assets, we initiated an inquiry regarding the state of the law. Although the Consumer Advocate Division is also unclear about the extent of its authority regarding the matter, we found a statute which we believe supports the intent of the agency as stated by Director Greer.

The statute is Tenn. Code Ann. § 65-29-122 and appears to require authorization of 2/3 of the members. The only exception appears to be when the funds will be issued to secure an indebtedness to the United States government. It is possible that a failure of Ben Lomand to properly proceed could lead to litigation by dissident members of the cooperative and create uncertainty in the finances of the CLEC.

I have disclosed the statute to Director Greer and I write this letter to disclose that communication for your file. In addition, we would appreciate it if you would forward this letter to Ben Lomand because the information may also be useful to the company.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "L. Vincent Williams".

L. Vincent Williams

cc: Chairman Sara Kyle  
Director Lynn Greer  
Director Melvin Malone

POSTED  
8/28/00